

TRANSMITTAL #3

MEMORANDUM

August 26, 2010

TO: Executive Committee
Workforce Development Council

FROM: Roger B. Madsen, Director

Roger B. Madsen

SUBJECT: WIA Youth in Need Distribution Formula

ACTION REQUESTED: Approve the revision to the distribution formula for Youth in Need funds

BACKGROUND:

Section 129 of the Workforce Investment Act (WIA) authorizes each state to reserve a specified portion of the youth allocation for statewide activities and mandates that each state provide "additional assistance to local areas that have high concentrations of eligible youth to carry out the activities described in the Act."

Each year, a pool of \$100,000 is made available to local areas for youth services to address this requirement. The current policy requires that half of these funds be divided among those regions whose poverty rates for youth exceed the state average, based on the most recent data available, and the other half is shared equally among those regions that (a) experience allocation reductions in the current year and (b) expend at least 80% of their prior year fund availability.

It is necessary to adopt a new strategy for providing additional assistance to local areas. The current formula was adopted at a time when the state was experiencing year after year reductions in funding and attempted to direct part of the funding to those areas that experienced a loss. For this program year, no area in the state lost funding although some experienced a reduction in the share of funding. Therefore, no areas would qualify for this part of the funding unless a change is made to consider relative share rather than absolute dollar levels.

Because the formula must be directed to areas that have "high concentrations" of eligible youth, the current practice of allocating half of the funds to areas with youth poverty rates that exceed the state average continues to be a viable option that directs funding to those areas most needing funding for their eligible youth.

With stimulus funding, the council adopted another criteria and that was to recognize the limited opportunity available in those areas with smaller allotments. Only those areas with an initial allocation

of \$250,000 or less would be eligible to be considered for Youth in Need funds. With allocations for youth ranging from less than \$140,000 to more than \$940,000, this further targets funds to areas experiencing significant demand for services.

Staff Recommendation:

The Staff recommends that the council adopt the following formula for distribution of Youth in Need funds:

1. Only those areas with initial allocations of \$250,000 or less will qualify for funding.
2. Half of the funding will be distributed equally to those qualifying areas that experienced a reduction in their share of youth funds and spent 80% of prior year formula youth funds.
3. Half of the funding will be distributed equally to those qualifying areas that have a poverty rate for youth that exceeds the state average poverty rate for youth.

If this formula is adopted, the Youth in Need funds for PY 2010 would be awarded as follows:

Region 1	\$0
Region 2	\$0
Region 3	\$0
Region 4	\$25,000
Region 5	\$25,000
Region 6	\$50,000

Documentation of regional poverty rates for youth, allocation reductions and PY 2009 expenditures follow.

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Attachment

Youth in Need Allocation Documentation

1. Allocations Qualify

Region 1	\$648,586	No
Region 2	\$417,342	No
Region 3	\$940,274	No
Region 4	\$171,803	Yes
Region 5	\$149,481	Yes
Region 6	\$180,581	Yes

2. Poverty Rates

	Population < 18 years	< 18 years in Poverty	Rate	Local Rate > State?	#1 YIN Awards
Region 1	50,120	8,065	16.1%	yes	\$ 0
Region 2	20,821	3,677	17.7%	yes	\$ 0
Region 3	186,246	27,101	14.6%	no	\$ 0
Region 4	51,719	8,720	16.9%	yes	\$ 25,000
Region 5	48,625	7,786	16.0%	yes	\$ 25,000
Region 6	61,516	9,017	14.7%	no	\$ 0
State	419,047	64,366	15.4%		

3. PY 2010 Allocation Reduction / Prior PY Expenditure Rate

	PY '09 Alloc. Rate	PY '10 Alloc. Rate	(a) Allocation Reduction?	Expended Rate PY '08	(b) 80% Expended?	#2 YIN Awards
Region 1	27.84%	25.86%	yes	68%	no	\$ -
Region 2	16.39%	16.64%	no	84%	yes	\$ -
Region 3	35.49%	37.49%	no	87%	yes	\$ -
Region 4	7.43%	6.85%	yes	74%	no	\$ -
Region 5	5.50%	5.96%	no	100%	yes	\$ -
Region 6	7.35%	7.20%	yes	92%	yes	\$ 50,000

*If no for either (a) or (b), drop from the equation